Listing of the claims:

1. – 48. (Canceled).

49. (Currently amended) A method of compressing video data having at least one frame having at least one block and each block having an array of pixels, wherein the blocks of a given frame are coded as differences from a similarly sized block in a prior coded frame, comprising the following steps:

a) finding the block from a prior coded frame that best matches ~~the~~ a current block to be encoded and calculating a motion vector made from the difference in the row and column between the current block and its a row and a column of the best matching block in ~~a~~ the prior coded frame;

b) ~~using an algorithm to select~~ selecting at least one motion vector from a predetermined set of prior coded blocks that are less than n blocks away from the current block, where n is greater than 1;

c) selecting a coding mode to encode the current block from a list of coding modes comprising at least the following choices:

~~+~~not using a motion vector at all;

~~+~~using the motion vector of step a); and

~~+~~using ~~a~~ the motion vector of step b); and

d) encoding and transmitting the said choice of coding mode from step c), and transmitting ~~a~~ the motion vector from step a) only when it is the choice of coding mode selected to code the current block.

50. – 53. (Canceled).

54. (Currently amended) The method of claim 49, further comprising the steps of:

i) ordering the selected motion vectors in step b) according to the distance to the

current block of the prior coded blocks from which the motion vectors are selected; and

ii) ~~Using~~ using a subset of a first m motion vectors from i) as candidates for step c), where m is greater than 0.

55. (Currently amended) The method of claim 49 wherein said selecting in step b) comprises:

selecting only motion vectors that use a same prior ~~code~~ coded frame as reference.

56. (Currently amended) The method of claim ~~54~~ 55, further comprising the step of:

limiting the motion vectors to those that use the same prior coded frame as the reference.

57. (Currently amended) The method of claim 49 wherein step d) further comprises the steps of:

differentially encoding the motion vector of step a) from a motion vector of the block to the left if said block to the left has a motion vector or from the motion vector of the block above if said block above has a motion vector but the ~~motion vector~~ block to the left does not; and otherwise,

~~encodes~~ encoding the motion vector directly.

58. (Currently amended) The method of claim 49 wherein step d) further comprises the steps of:

differentially encoding the motion vector of step a) ~~comprise encoding~~ from a compound motion vector that is calculated by combining motion ~~vector~~ vectors of the block to the left and the block above through an average or a weighted average.

59. (Currently amended) The method of claim 49 wherein step d) further comprises the step of:

coding the motion vector of step a) as differential from the motion vector of the block to the left[[,]] and the column of the motion vector of step a) as differential from the block above.

60. (Currently amended) The method of claim 58, wherein said differential differentially encoding comprises:

coding the motion vector differentially between the above-block or the left block if the motion vectors of the blocks to the left and the blocks above are determined to be similar.